

(H. B. 3178)

**(No. 231-2011)**

(Approved November 22, 2011)

**AN ACT**

To add a paragraph (7) to Section 4050.09 of Act No. 1-2011, as amended, known as the “Internal Revenue Code for a New Puerto Rico,” in order to include the acquisition and maintenance of personal property for schools of the public education system and nonprofit organizations in such areas and projects subject to appropriations.

**STATEMENT OF MOTIVES**

As we all know, Act No. 1-2011, as amended, better known as the “Internal Revenue Code for a New Puerto Rico,” took effect recently. It includes Section 4050.09 for the Creation of a Municipal Improvement Fund. Such Section derives from Section 2709 of the former “Internal Revenue Code of 1994.” This Fund is nourished by revenues derived from zero point one percent (0.1%) of the zero point five percent (0.5%) sales and use tax imposed by municipalities and collected and deposited by the Secretary in a special account or fund in the Government Development Bank for Puerto Rico.

The Municipal Improvement Fund was created with the purpose of allocating the resources deposited therein for carrying out capital works and improvement projects in municipalities. According to said Act, the recipients of these funds shall be Commonwealth and Municipal public schools, low-income communities, Commonwealth or Municipal housing projects, recreational and sports facilities, and capital works and improvements.

For such reason, this Legislative Assembly deems it meritorious that a portion of the resources deposited in the Municipal Improvement Fund be allocated, not only for carrying out capital works and improvements, but also for the acquisition and maintenance of personal property to carry out such works as provided by the law. The precarious fiscal situation of municipalities warrants this, as well as our help.

***BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF PUERTO RICO:***

Section 1.- Paragraph (7) is hereby added to Section 4050.09 of Act No. 1-2011, as amended, to read as follows:

“Section 4050.09.— Municipal Improvement Fund – Creation.—

(a) Creation of the Fund.- A ‘Municipal Improvement Fund’ is hereby created, to be nourished by the deposit of the revenues corresponding to zero point one percent (0.1%) of the proceeds of the sales and use tax authorized by Section 4020.10 and Subtitle F obtained from the zero point five percent (0.5%) sales and use tax imposed by the municipalities, and collected and deposited by the Secretary, pursuant to Section 4050.06(e)(3) of this Subtitle, in an account or special fund in the Government Development Bank for Puerto Rico to be distributed through legislation by the Legislative Assembly and appropriated for capital works and improvement projects in the municipalities, such as:

- (1) Improvements to schools of the public education system belonging to the Commonwealth or the municipalities;
- (2) Capital works and improvements in low-income communities;
- (3) Capital works and improvements in Commonwealth or municipal public housing projects;
- (4) Capital works and improvements in recreational or sports facilities;

- (5) Capital works and improvements;
- (6) Housing rehabilitation or construction works for low-income citizens within capital works and improvement projects.
- (7) Acquisition and maintenance of personal property for schools of the public education system and nonprofit organizations.”

Section 2.- This Act shall take effect immediately after its approval.

## CERTIFICATION

I hereby certify to the Secretary of State that the following **Act No. 231-2011 (H. B. 3178)** of the **6<sup>th</sup> Session of the 16<sup>th</sup> Legislature** of Puerto Rico:

**AN ACT** to add a paragraph (7) to Section 4050.09 of Act No. 1-2011, as amended, known as the "Internal Revenue Code for a New Puerto Rico," in order to include the acquisition and maintenance of personal property for schools of the public education system and nonprofit organizations in such areas and projects subject to appropriations.

has been translated from Spanish to English and that the English version is correct.

In San Juan, Puerto Rico, on this 15<sup>th</sup> day of November, 2013.

Juan Luis Martínez Martínez  
Acting Director